

Message Text

SECRET

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ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
----- 081026

P R 101611Z DEC 76

FM AMEMBASSY BONN

TO SECSTATE WASHDC PRIORITY 4020

INFO AMEMBASSY LONDON

AMEMBASSY PARIS

USMISSION USBERLIN

S E C R E T SECTION 01 OF 02 BONN 20838

EXDIS

USBERLIN FOR AMBASSADOR STOESSEL

E.O. 11652: GDS

TAGS: ENRG, GW

SUBJ: OPEC PRICE INCREASE

REF: (A) STATE 299892; (B) STATE 299614; (B) STATE
284443

1. SUMMARY: DCM AND ECONCOUNS CONVEYED SUBSTANCE REFTEL
TO AMBASSADOR ROBERT AND DR. NOWAK OF FRG FOREIGN
MINISTRY, WHO DESCRIBED FRG ACTIONS TO DATE AND DISCUSSED
FUTURE TACTICS. END SUMMARY.

2. IN THE ABSENCE OF AMBASSADOR STOESSEL IN BERLIN,
DCM AND ECONCOUNS DELIVERED MESSAGE IN REFTELS A AND B
TO AMBASSADOR ROBERT AND DR. NOWAK, WHO IS IN CHARGE
OF INTERNATIONAL ENERGY POLICY IN THE FOREIGN MINISTRY.
NOWAK RECENTLY RETURNED FROM A THREE YEAR TOUR AS DCM
IN TEHRAN. AMBASSADOR ROBERT EMPHASIZED THAT FRG
SHARES COMPLETELY THE US CONCERN FOR NEGATIVE
REPERCUSSIONS ON THE WORLD ECONOMY OF AN EXCESSIVE OIL
PRICE INCREASE.

3. ROBERT SAID THAT LATEST FRG INTELLIGENCE INDICATES
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THAT OPEC WILL PROBABLY RAISE OIL PRICES NEXT WEEK BY

BETWEEN 6 AND 12 PERCENT. RE IRAN, HE DETECTS A SHIFT TOWARD A MORE REALISTIC ATTITUDE, BUT BELIEVES THAT THE SHAH MADE A TACTICAL ERROR IN COMMITTING HIMSELF PUBLICLY TO A MINIMUM OF 15 PERCENT. THIS FORECLOSED ALL OTHER IRANIAN OFFICIALS FROM DISCUSSING LOWER FIGURES, BUT BOTH ROBERT AND NOWAK PREDICTED THAT IRAN WOULD ACCEPT LESS THAN 15 PERCENT AT THE OPEC MEETING NEXT WEEK. RE KUWAIT, NOWAK SAID THAT ONE RECENT REPORT USED THE FIGURE OF 20 PERCENT. BOTH ROBERT AND NOWAK FELT, HOWEVER, THAT KUWAIT'S CURRENT ATTITUDE WAS A TEMPORARY PHENOMENON BASED ON INTERNAL POLITICS AND THAT KUWAIT WOULD SOON SHIFT BACK TO A MORE RESPONSIBLE POSITION, WHICH IS TRADITIONAL FOR KUWAIT.

4. ROBERT REPORTED THAT SEVERAL AFRICAN NON-OIL PRODUCING COUNTRIES--WITHOUT ASKING FOR HELP--HAD INDICATED TO THEIR GERMAN COUNTERPARTS THAT THEY WERE MORE AWARE THAN PREVIOUSLY OF THE REPERCUSSIONS ON THEIR OWN ECONOMIES OF AN EXCESSIVE OIL PRICE INCREASE. ROBERT BELIEVES THAT THE AFRICANS ARE BEGINNING TO HAVE MISGIVINGS ABOUT THEIR RELATIONS WITH THEIR ARAB NEIGHBORS.

5. IN DESCRIBING STEPS TAKEN BY THE FRG, ROBERT CITED THREE RECENT ACTIONS BY HIGH GERMAN OFFICIALS AS FOLLOWS: (A) FOREIGN MINISTRY STATE SECRETARY WISCHNEWSKI INVITED A GROUP OF AMBASSADORS FROM ARAB COUNTRIES TO DINNER AND IN THE DINNER SPEECH, WHILE RECOGNIZING THE NEED FOR SOLIDARITY, EMPHASIZED THAT MAJOR DIFFERENCES BETWEEN THEIR ATTITUDES IN BILATERAL AND MULTILATERAL RELATIONSHIPS WOULD HAVE DEFINITE REPERCUSSIONS, PARTICULARLY ON THE GERMAN GENERAL PUBLIC; (B) STATE SECRETARY GEHLHOFF MADE A SIMILAR SPEECH TO A GROUP OF AFRICAN AMBASSADORS ON A SIMILAR RECENT OCCASION; (C) AID MINISTER EGON BAHR ALSO SPOKE RECENTLY TO A GROUP OF AFRICAN AMBASSADORS, INCLUDING THE AMBASSADOR FROM ALGERIA.

6. MR. NOWAK ALSO MENTIONED RECENT DIRECT PERSONAL CONTACTS BETWEEN CHANCELLOR SCHMIDT AND PRESIDENT FORD

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AND SAID THAT THE CHANCELLOR HAD SENT COPIES DIRECTLY TO THE WHITE HOUSE OF CERTAIN COMMUNICATIONS WITH HEADS OF STATE. HE ALSO SAID A CIRCULAR TELEGRAM WAS SENT OUT ON DECEMBER 9 FROM THE FOREIGN MINISTRY TO ALL GERMAN DIPLOMATIC POSTS AS BACKGROUND INFORMATION ON THE EFFECTS OF AN OIL PRICE INCREASE ON THE WORLD ECONOMY. THIS INFORMATION WAS TO BE USED AS DESIRED BY THE POSTS BUT NO INSTRUCTIONS FOR FORMAL DEMARCHES

WERE SENT.

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ACTION SS-25

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----- 079535

P R 101611Z DEC 76
FM AMEMBASSY BONN
TO SECSTATE WASHDC PRIORITY 4021
INFO AMEMBASSY LONDON
AMEMBASSY PARIS
USMISSION USBERLIN

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7. AMBASSADOR ROBERT FELT THAT IT WOULD BE A SERIOUS MISTAKE FOR THE INDUSTRIAL COUNTRIES TO GIVE THE APPEARANCE OF COORDINATING TOO CLOSELY. THEREFORE, HE FELT IT WAS PROPER THAT THE FRG HAD NOT IMITATED THE WELL ORGANIZED CAMPAIGN FOLLOWED BY THE UNITED STATES, AS DESCRIBED IN REFTEL B. THE FRG HAS TRIED IN A NONOFFENSIVE MANNER TO CONVINCE ALL COUNTRIES, ESPECIALLY THE INDUSTRIAL COUNTRIES AND THE NON-OIL-PRODUCING DEVELOPING COUNTRIES, OF THE DANGERS TO THE WORLD ECONOMY FROM TOO LARGE AN OIL PRICE INCREASE, BUT THIS HAS BEEN DONE BY MEANS OF A VARIETY OF VISITS AND INVITATIONS, RATHER THAN OFFICIAL DEMARCHES.

8. VIS-A-VIS THE OPEC COUNTRIES THE FRG HAS TRIED TO POINT OUT IN A "FRIENDLY BUT OUTSPOKEN MANNER" THAT IF OPEC MEMBERS WISH TO HAVE INCREASING INFLUENCE IN THE INTERNATIONAL MONETARY FUND AND OTHER MAJOR FINANCIAL INSTITUTIONS, THEY MUST ACCEPT THE OBLIGATIONS AND RESPONSIBILITIES OF OTHER MAJOR WORLD ECONOMIC POWERS.

9. AMBASSADOR ROBERT ALSO EMPHASIZED THAT HE AGREES WITH THE US POSITION THAT A DIRECT RELATIONSHIP BETWEEN

CIEC AND OIL PRICES (REF C) WOULD BE A VERY HARMFUL
PRECEDENT FOR ALL MAJOR INDUSTRIAL COUNTRIES. HE
REITERATED HIS CONVICTION THAT MEMBERS OF THE INTER-
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NATIONAL ENERGY AGENCY SHOULD AVOID ALL APPEARANCES
OF CONSPICUOUS "GANGING UP" ON THE DEVELOPING
COUNTRIES AND SHOULD LIMIT THEIR ACTIVITIES TO
CONSULTATION AND EXCHANGE OF INFORMATION. HE BELIEVES
THAT RECENT EVENTS CONFIRM THESE VIEWS. HE ALSO
EMPHASIZED THE TOTAL UNITY OF VIEWS OF THE EC 9 RE
OIL PRICE POLICY.

10. AMBASSADOR ROBERT AND DR. NOWAK BOTH FELT STRONGLY
THAT THERE WAS NOTHING MORE THAT EITHER THE US OR THE
FRG SHOULD DO BETWEEN NOW AND DECEMBER 15 BEYOND THE
KINDS OF LOCAL DISCUSSIONS WHICH WOULD RESULT FROM THE
INFORMATION TELEGRAMS WHICH BOTH OF OUR GOVERNMENTS
HAVE SENT TO OUR EMBASSIES. THEY BOTH FELT THAT
EXCESSIVE LAST MINUTE ACTIVITY MIGHT BE
COUNTERPRODUCTIVE.
STOESSEL

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